

No. 82-1685

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IN THE
Supreme Court of the United States
October Term, 1982

MULTISTATE LEGAL STUDIES, INC.,

Petitioner,

v.

DAVID L. LADD, REGISTER OF COPYRIGHTS;
NATIONAL CONFERENCE OF BAR EXAMINERS;
and EDUCATIONAL TESTING SERVICE,

Respondents.

ON PETITION FOR WRIT OF CERTIORARI TO
THE UNITED STATES COURT OF APPEALS
FOR THE SEVENTH CIRCUIT

BRIEF OF NATIONAL CONFERENCE
OF BAR EXAMINERS AND
EDUCATIONAL TESTING SERVICE
IN OPPOSITION TO PETITION
FOR WRIT OF CERTIORARI

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QUESTION PRESENTED FOR REVIEW

WAS THE COURT OF APPEALS FOR THE SEVENTH CIRCUIT CORRECT IN AFFIRMING THE DISTRICT COURT'S DISMISSAL OF THAT PART OF PETITIONER'S AMENDED COUNTERCLAIM SEEKING TO DECLARE COPYRIGHT OFFICE REGULATION 37 C.F.R. 202.20 INVALID?

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OPINIONS BELOW

The opinion of the District Court granting National Conference of Bar Examiners' and Educational Testing Service's motion to dismiss Multistate Legal Studies, Inc.'s three-count counterclaim with respect to Counts I and II and ordering that Count III of the Counterclaim be amended to add the Register of Copyrights as a party is reported at 495 F.Supp. 34 (N.D.Ill. 1980)¹. The opinion of the District Court granting plaintiffs' and the Register's motions to dismiss Count III of the Amended Counterclaim is reported at 211 U.S.P.Q. 144 (N.D.Ill. 1980). The opinion of the Court of Appeals for the

¹Because the only issue presented for appeal is the dismissal of Count III of the Amended Counterclaim, the only opinions cited are those which relate to that issue.

Seventh Circuit affirming the District Court's dismissal of the Amended Counterclaim is reported at 692 F.2d 478 (7th Cir. 1982).

STATUTORY PROVISIONS INVOLVED IN ADDITION TO THOSE LISTED BY PETITIONER

Section 408(a) of the Copyright Act of 1976 (17 U.S.C. 408(a)):

§ 408. *Copyright registration in general*

- (a) **Registration Permissive.**—At any time during the subsistence of copyright in any published or unpublished work, the owner of copyright or of any exclusive right in the work may obtain registration of the copyright claim by delivering to the Copyright Office the deposit specified by this section, together with the application and fee specified by sections 409 and 708. Subject to the provisions of section 405(a), such registration is not a condition of copyright protection.

* * *

Section 411(a) of the Copyright Act of 1976 (17 U.S.C. 411(a)):

§ 411. *Registration as prerequisite to infringement suit*

- (a) Subject to the provisions of subsection (b), no action for infringement of the copyright in any work shall be instituted until registration of the copyright claim has been made in accordance with this title.

* * *

Sections 704(a), (b) and (c) of the Copyright Act of 1976 (17 U.S.C. 704(a)-(c)):

§§ 704. Retention and disposition of articles deposited in Copyright Office

- (a) Upon their deposit in the Copyright Office under sections 407 and 408, all copies, phonorecords, and identifying material, including those deposited in connection with claims that have been refused registration, are the property of the United States Government.
- (b) In the case of published works, all copies, phonorecords, and identifying material deposited are available to the Library of Congress for its collections, or for exchange or transfer to any other library. In the case of unpublished work, the Library is entitled, under regulations that the Register of Copyrights shall prescribe, to select any deposits for its collections or for transfer to the National Archives of the United States or to a Federal records center, as defined in section 2901 of title 44.
- (c) The Register of Copyrights is authorized, for specific or general categories of works, to make a facsimile reproduction of all or any part of the material deposited under section 408, and to make such reproduction a part of the Copyright Office records of the registration, before transferring such material to the Library of Congress as provided by subsection (b), or before destroying or otherwise disposing of such material as provided by subsection (b), or before destroying or otherwise disposing of such material as provided by subsection (d).

* * *

STATEMENT OF THE CASE

A. The Nature of the Case and Its Disposition Before the District Court.

National Conference of Bar Examiners and Educational Testing Service (hereinafter "plaintiffs") filed a Complaint against Multistate Legal Studies, Inc. (hereinafter "Legal Studies") for copyright infringement and unfair competition in October, 1978. The Complaint was based upon plaintiffs' rights in their copyrighted examinations known as the "Multistate Bar Examination," or "MBE," which examinations are used by many states to test applicants for admission to the bar. Count I of the Complaint alleges that Legal Studies' "Preliminary Multistate Bar Examination," or "PMBE," was wrongfully derived from plaintiffs' copyrighted examinations and constituted copyright infringement. The allegation is based on Legal Studies' claim in advertisements for its examination that "Of the 200 questions [on Legal Studies' 'PMBE'], approximately 120 questions were reconstructed from questions which appeared on July 1978 'MBE.'" Count II alleges that Legal Studies' use of the names "Preliminary Multistate Bar Examination" and "PMBE" constitutes unfair competition.

Plaintiffs sought expedited discovery including production of Legal Studies' examination to determine the extent to which the claimed copying had taken place. Because plaintiffs re-use some questions from earlier copyrighted editions of the "Multistate Bar Examination" for equating purposes, preliminary relief would have been necessary to protect the validity of the February, 1979 examination if the claimed copying had occurred. Initial discovery showed that the 1979 examination of Legal Studies had not yet been prepared, so the claim of 120 "reconstructed" questions could not have been true.

On July 24, 1979, following the denial of its Motion to Dismiss, or in the Alternative to Transfer, Legal Studies answered, generally denying the material allegations of the Complaint, and counterclaimed in three counts, seeking a declaration that plaintiffs' examinations were not copyrightable or that the copyright was invalid. Counts I and II were dismissed on plaintiffs' motion, and that decision was not appealed.

Count III of the original Counterclaim sought a declaratory judgment that plaintiffs' copyrights were invalid for alleged failure to comply with the deposit requirements of 17 U.S.C. 408(b). Plaintiffs moved to dismiss on the ground that they had complied with the alternate deposit requirements set by Copyright Office regulation for secure tests (37 C.F.R. 202.20). Legal Studies then challenged the validity of that Copyright Office regulation and the District Court ordered Legal Studies to amend its counterclaim to add the Register of Copyrights as a party.

Legal Studies added the Register of Copyrights as a party and sought declaratory judgment that the deposit requirements of 37 C.F.R. 202.20 for secure tests are inconsistent with the Copyright Act of 1976, or alternatively that 17 U.S.C. 408(c)(1) which authorizes the promulgation of 37 C.F.R. 202.20 is unconstitutional. The Register moved to dismiss essentially on the same basis as that previously alleged by plaintiffs. On July 31, 1980, the Amended Counterclaim was dismissed. The District Court held the challenged regulation was authorized by 17 U.S.C. 408(c) and was not otherwise inconsistent with the Copyright Act and found Legal Studies' claim of unconstitutionality was without merit.

In 1980, plaintiffs obtained production of Legal Studies' examinations prepared subsequent to the earlier production to

determine if Legal Studies was continuing to use the questions plaintiffs believed were wrongfully copied or had copied additional questions. Since the comparison did not reveal substantial copying, plaintiffs, with leave of Court, amended the Complaint to delete the claim for copyright infringement.²

On July 30, 1981, a bench trial on the unfair competition claim took place before The Honorable Thomas R. McMillen. On July 1, 1981, following oral argument, the Court ruled that Legal Studies' use of the names "Preliminary Multistate Bar Examination" and "PMBE" constituted unfair competition in that their use was likely to cause confusion with plaintiffs' prior use of the names "Multistate Bar Examination" and "MBE."

B. Disposition of the Case by the Court of Appeals for the Seventh Circuit.

The Court of Appeals for the Seventh Circuit upheld the District Court's dismissal of Legal Studies' counterclaims and reversed the District Court's finding of unfair competition. In upholding the dismissal of the Amended Counterclaim, the Court found that the regulation challenged by Legal Studies was authorized by Section 408 of the Copyright Act and was consistent with the Copyright Law and the Constitution.

ARGUMENT

The only issue raised by the Petition is the validity of Copyright Office Regulation 202.20(c)(2)(vi) which sets forth the deposit requirements for secure tests. It is well-settled that the regulations of an administrative agency are presumptively

²Plaintiffs argued before the Court of Appeals that due to dismissal of its copyright infringement claim, the basis for Legal Studies' challenge to the regulation had disappeared and therefore the Amended Counterclaim was moot.

valid and should be upheld unless arbitrary, unreasonable or plainly inconsistent with the law. *Giancana v. Johnson*, 335 F.2d 372, 375 (7th Cir. 1964); *Hoffenberg v. Kaminstein*, 396 F.2d 684, 685 (D.C. Cir. 1968). The Court of Appeals has found the regulation is authorized by Section 408(c) of the Copyright Act and is otherwise consistent with copyright law. The Court further confirmed that Section 408(c) is constitutional. No new principles of law are presented by petitioner, and no conflict with the decisions of this Court or between the Circuits exists. Thus, petitioner has not presented a case which merits review.

**A. Regulation 37 C.F.R. 202.20 Is
Consistent with the Copyright Act.**

A copyright registration may be obtained by delivering to the Copyright Office the necessary deposit, application and fee. 17 U.S.C. 408. The deposit requirement for a "secure test"² such as plaintiffs' "Multistate Bar Examination" is set forth by 37 C.F.R. 202.20(c)(2)(vi):

In the case of any secure test the Copyright Office will return the deposit to the applicant promptly after examination: *Provided*, that sufficient portions, description, or the like are retained so as to constitute a sufficient archival record of the deposit.

It is this regulation which Legal Studies argues is inconsistent with 17 U.S.C. 704 and 705, which respectively require the Copyright Office to keep the deposit of all unpublished works

²Secure tests are defined in 37 C.F.R. 202.20(b)(4):

A "secure test" is a nonmarketed test administered under supervision at specified centers on specific dates, all copies of which are accounted for and either destroyed or returned to restricted locked storage following each administration. For these purposes a test is not marketed if copies are not sold but it is distributed and used in such a manner that ownership and control of copies remain with the test sponsor or publisher.

during the term of copyright⁴ and provide for public inspection of deposits. Legal Studies does not dispute that the Copyright Office has maintained the identifying materials which under 37 C.F.R. 202.20 constitute the deposit for secure tests. Instead, Legal Studies argues that the words "deposit" and "entire deposit" referred to in Sections 704 and 705 should be interpreted to mean a complete copy of the work. In support of this argument, Legal Studies relies upon a portion of Section 408(b) which provides that the material deposited shall include "(1) in the case of unpublished works, one complete copy or phonorecord . . ."

As noted by the Court of Appeals, however, this interpretation "ignores the important proviso that precedes subsection (1) at the beginning of subsection (b): '*Except as provided by subsection (c), the material deposited for registration shall include — . . . (1).*'" (App.A-8). Subsection (c) authorizes the Register of Copyright Offices to specify by regulation the type of deposit for particular types of works, and it specifically provides the regulations may require or permit "the deposit of identifying materials instead of copies":

The Register of Copyrights is authorized to specify by regulation the administrative classes into which works are to be placed for purposes of deposit and registration, and the nature of the copies or phonorecords to be deposited in the various classes specified. *The regulations may require or permit, for particular classes, the deposit of identifying material instead of copies or phonorecords, the deposit of only*

⁴Plaintiffs contend that 17 U.S.C. 704 is not applicable to plaintiffs' "Multistate Bar Examination" since plaintiffs' work is a published work under the definition of the Copyright Act. However, even were plaintiffs' examination unpublished, there is no inconsistency with 17 U.S.C. 704. For that reason, plaintiffs will treat their examinations as unpublished for the purposes of this brief.

one copy or phonorecord where two would normally be required, or a single registration for a group of related works. [Emphasis supplied.]

It is pursuant to this authority that 37 C.F.R. 202.20 was promulgated, providing that in the case of secure tests, the deposit is identifying materials.

Thus, Legal Studies' interpretation that the "deposit" referred to in Sections 704 and 705 means a complete copy would place those sections in conflict with the provisions of 17 U.S.C. 408(c)(1) authorizing the Register to define the nature of deposits. It is clear, however, that Sections 704 and 705 must be read in conjunction with Section 408 since the language of 704 and 705 refers back to the deposit made in connection with registration under Section 408. Consequently, the Court of Appeals correctly held that the entire deposit referred to in Sections 704 and 705 may consist of an excised copy and that "complete copy" requirement of Section 408(b)(1) is inapplicable to secure tests which are exempted under Section 408(c) from normal deposit requirements.

Legal Studies attacks the Court of Appeals' finding that the language of Section 408(c) alone sufficiently authorizes the promulgation of the regulation contending that the Court was unable to find legislative support for its view, and cites two paragraphs from the House of Representatives Report No. 94-1476 which give examples of the types of problems the Register may address under Section 408. Legal Studies again ignores the preceding paragraph of the report which expressly states the desire of Congress to give the Register maximum flexibility to promulgate appropriate deposit requirements:

Consistent with the principle of administrative flexibility underlying all of the deposit and registration

provisions, subsection (c) of section 408 also gives the Register latitude in adjusting the type of material deposited to the needs of the registration system.

It was in view of the "expressed policy of administrative flexibility over deposit requirements" that the Court of Appeals rejected Legal Studies' argument that the legislative history suggested the authority granted was restricted to the listed problems. The Court further found that although the legislative history sheds some light on the scope of the authority, the District Court was correct in stating that authority for the regulation could be found in the language of the statute alone.

B. 17 U.S.C. 408(c) Is Constitutional.

Legal Studies alternatively argues that 17 U.S.C. 408(c) which authorizes the regulation is unconstitutional, claiming that the regulation is inconsistent with Article I, Section 8, Clause 8 which empowers Congress "to promote the Progress of Science and useful Arts by securing for Limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." Legal Studies bases its argument on the premise that deposit of the entire work is necessary to delineate the scope of copyright protection and contends that public disclosure has always been required citing an early patent case, *Kendall v. Windsor*, 62 U.S. 322 (1859). *Kendall* is inapplicable here, since contrary to patent rights which can be infringed by independent creation of the same invention, copyright in a work is not infringed by another work of independent creation even if the works were identical.

Legal Studies also relies upon the dissenting opinion in *Washingtonian Publishing Co. v. Pearson*, 306 U.S. 30 (1939). The majority decision in *Washingtonian*, however, specifically held that failure to deposit and register did not invalidate a copyright, thereby recognizing that deposit and registration

under the Act were procedural, not constitutional, requirements. That recognition was carried forward in the current statute by 17 U.S.C. 408(a) and 411(a), which require deposit only as a procedural prerequisite to maintaining suit, not to validity of the copyright. Moreover, as found by the Court of Appeals, deposit regulations as a practical matter cannot function as disclosure requirements since a claimant may register any time prior to bringing suit for infringement.

CONCLUSION

For the foregoing reasons, plaintiffs' request that the petition for writ of certiorari be denied.

Respectfully submitted,

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